

# M e m o r a n d u m

To: Panel Members

Date: June 22, 2007

From: Dolores Kendrick, Manager

Analyst: E. Wadzinski

Subject: One-Step Agreement for **UNILEVER SUPPLY CHAIN, INC.**

## **CONTRACTOR:**

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
- Legislative Priorities: Promotion of California's Manufacturing Workforce
- Type of Industry: Manufacturing
- Repeat Contractor: Yes
- Contractor's Full-Time Employees
  - *Worldwide:* 250,000
  - *In California:* 644
- ETP Trainees Represented by Union: No
- Name and Local Number of Union Representing ETP Trainees: N/A

## **CONTRACT:**

- Program Costs: \$102,816
- Substantial Contribution: \$0
- Total ETP Funding: \$102,816
- Total In-kind Contribution: \$108,058
  - *Trainee Wages Paid During Training:* \$108,058
  - *Other Contributions:* \$0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles

## **INTRODUCTION:**

Unilever Supply Chain, Inc. (Unilever), headquartered in Trumbull, Connecticut, is a consumer products manufacturer which produces and sells home care products, personal care products, savory/dressings/spreads, and ice cream/beverages. Unilever in the City of Industry is a production facility operating under Unilever Home and Personal Care (HPC).

Unilever qualifies for standard Employment Training Panel (ETP) funding as a manufacturer under Title 22 California Code of Regulations (CCR), Section 4416(i)(1). Unilever proposes to train 42 employees in the skills necessary to help foster job retention.

This will be the second project between Unilever in the City of Industry and the Employment Training Panel (ETP). The first project ended more than five years ago.

## **MEETING ETP GOALS AND OBJECTIVES:**

Unilever proposes training that will further the following ETP goals and objectives:

- 1) Promote California's manufacturing workforce.
- 2) Foster job retention in industries threatened by out-of-state competition.

**TRAINING PLAN TABLE:**

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Retrainee:  Job Number 1	MENU:  Manufacturing Skills	42	24-200	0	\$2,448	*\$13.51 - \$32.00
<b>Wages After 90-Day Retention</b>						
<b><u>Occupation</u></b>  Processor Mechanic Line Operator						
<b><u>Health Benefits Used To Meet ETP Minimum Wage:</u></b>  *Health Benefits of at least .25 per hour may be used for Job Number 1 trainees to meet the ETP minimum hourly rate of \$13.51 for Los Angeles County.					<b><u>Turnover Rate</u></b>  5%	<b><u>% Of Mgrs &amp; Supervisors To Be Trained:</u></b>  0%
<b><u>Other Employee Benefits:</u></b>  In addition to health, dental and vision, Unilever offers life insurance, long term disability, education reimbursement and 401K.						

**COMMENTS / ISSUES:**

➤ ***Frontline Workers***

All participants in this project meet the Panel definition of frontline workers under Title 22 CCR, Section 4400(ee).

➤ ***Production During Training***

The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

**RECOMMENDATION:**

Staff recommends that the Panel approve this proposal to train Unilever employees in skills to understand the operation and maintenance of new equipment and to improve efficiency and competitiveness.

**NARRATIVE:**

Unilever was created in 1930 when the British soapmaker Lever Brothers merged with the Dutch margarine producer, Margarine Unie. Both companies were competing for the same raw materials, and were involved in large-scale marketing of household products, and both used similar distribution channels.

Unilever produces shampoo, conditioner, and body wash on 3 production lines across three shifts 24 hours a day, 5-6 days a week. Current annual volume is 96 million units. These products are sold to retail and discount organizations, such as Target, Wal-Mart, Costco, grocery chains, etc.

In June, 2006, Unilever invested \$2.1 million on in equipment to begin on-line labeling of bottles to improve efficiency and reduce costs while also solidifying manufacturing of personal care/liquids for Southern California. In June 2007, another \$7.2 million will be invested in two new production lines that will increase productivity 50%. The changes will provide a capability of running additional brands and varieties of product for the West coast market. Unilever will also invest \$598,000 in the Processing department for new controls to provide ease of operation for the operators.

Training is required for employees to understand the operation and maintenance of the new equipment. The goal of training is two-fold. The first objective is for employees to understand the operation and maintenance of the new equipment. Secondly, training will prepare employees to reach maximum efficiencies to increase production volumes placing Unilever COI in a strong strategic position to remain competitive and increase job security for the people it employs.

Unilever proposes to provide Manufacturing Skills training to mechanics, line operators and processors. This training is necessary to sustain high safety, quality, and operational standards. The training will include process flow, theory of operations, operating procedures, changeovers, total process management, mechanical and electrical adjustments, and stoppages. The training will consist of classroom and lab training.

***Commitment to Training***

Unilever representatives state that ETP funding will not displace its ongoing investment in training.

The training budget for Unilever is \$200,000. The company provides job specific and organizational wide training. This training has consisted of classroom, on-the-job, and lab training. In order to be successful and competitive, Unilever is committed to training and building skills of their employees.

**SUBCONTRACTORS:**

To be determined prior to the start of training.

**THIRD PARTY SERVICES:**

None.

**PRIOR PROJECTS:**

The following are completed project statistics for ETP Agreements with this Contractor within the last five years:

PRIOR PROJECTS						
Agreement Number	Location (City)	Term	Contract Amount	Amount Earned	<i>Planned</i> In-kind Contribution	<i>Reported</i> In-kind Contribution
ET05-0311	Stockton	05/02/05 - 05/01/07	\$26,520	\$25,287 (96%)	\$48,000	\$45,600

The company had an Agreement which just ended for the Stockton facility.

**Unilever Supply Chain, Inc.**

MENU CURRICULUM

**Class Lab Hours**

24 - 200     Trainees will receive any of the following:

**MANUFACTURING SKILLS**

- Machine Safety / Job Safety
- Process Flow
- Theory of Operation
- Standard Operating Procedures
- Total Productive Maintenance (TPM)
- Changeovers
- Stoppages
- Mechanical and Electrical Adjustments